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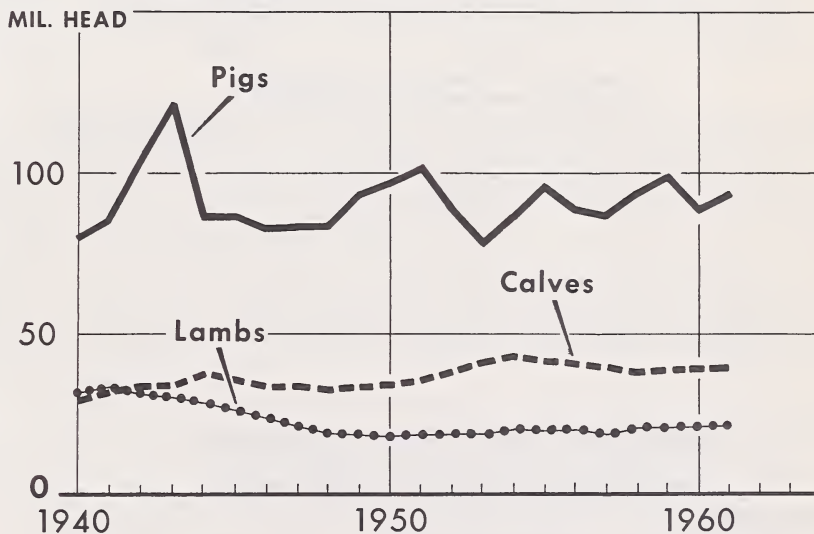
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August 1961
FOR RELEASE
AUGUST 28, P. M.

LMS-118

The LIVESTOCK and MEAT SITUATION

PIG, CALF, AND LAMB CROPS



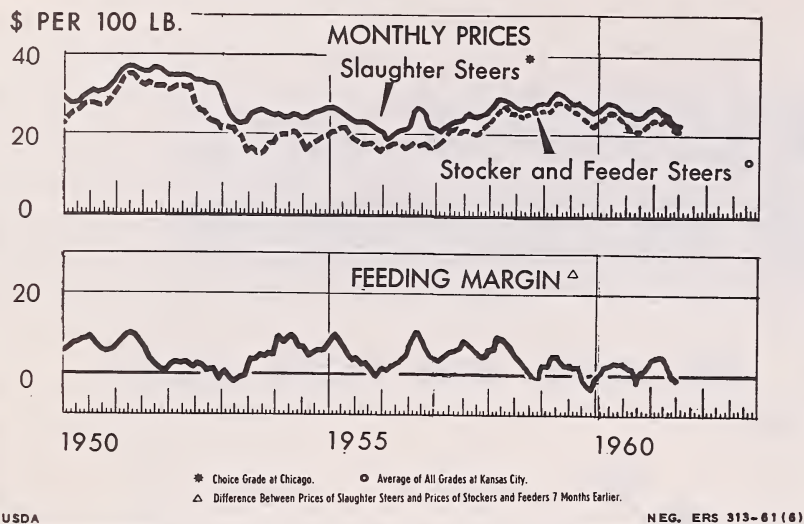
U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 312-61 (8) ECONOMIC RESEARCH SERVICE

IN THIS ISSUE

Cattle Outlook

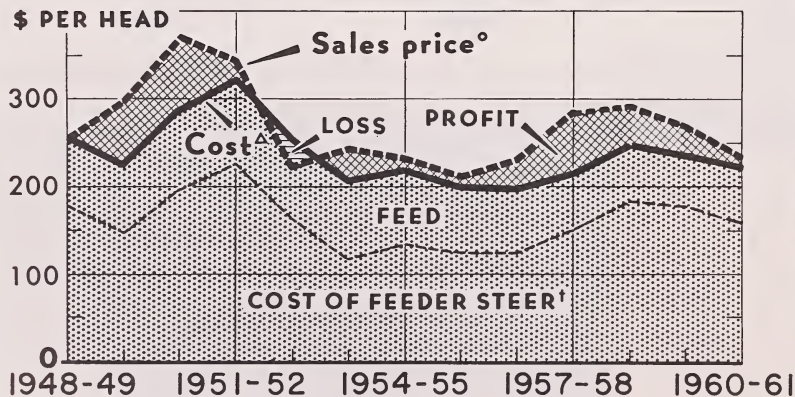
MARKET PRICES AND FEEDING MARGIN FOR CATTLE



Fed cattle prices declined during 1960 from April to October and then made monthly increases through January 1961. Since then, there has been a steady decline. Feeders have followed the same price pattern as fed cattle since 1958. The selling price of fat cattle was less per 100 pounds than the purchase price for feeders in October 1960 and in June and July 1961. Price margins widened this past winter and spring, but narrowed this summer and returns from feeding for spring sale were smaller than any year since 1955.

RETURNS IN STEER FEEDING

Costs and Sales Price for Yearling Steers, Corn Belt*



*SHORT-TERM FEEDING

°1,050-LB. CHOICE STEER, CHICAGO, APRIL-JULY, LESS TRANSPORTATION & MARKETING EXPENSE

AND ALLOWANCE FOR MISC. COSTS OR CREDITS

¹AV. FEEDER AND STOCKER STEERS, KANSAS CITY, AUG.-DEC., PLUS TRANSPORTATION

Returns over costs shown in a typical Corn Belt feeding operation during the 1960-61 feeding season were considerably down in comparison with recent years, and the average of such returns per steer was \$11.83, which was less than one-third the previous 5-year average.

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T H E L I V E S T O C K A N D M E A T S I T U A T I O N
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Approved by the Outlook and Situation Board, August 21, 1961

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SUMMARY

A rather modest gain in cattle and calves is anticipated this year, probably about 1 million more than the record 97.1 million head that were in inventories on January 1, 1961. A calf crop of 39,658,000 head is expected, 1 percent above 1960 and the largest since 1957.

During the last 3 years cattle numbers have increased 6.5 percent; population has gained 5.1 percent. Beef production has increased 14 percent. As a result, per capita consumption of beef has gone up from 80.5 pounds in 1958 to an estimated 86 pounds in 1961.

Cattle feeding this fall and winter is expected to continue large and probably close to year ago levels. The number of cattle and calves on feed July 1 was 2 percent larger than in July 1960. Cattle feeders reported intentions to market 57 percent of the July 1 inventory during July, August, and September. Third quarter marketings of fed cattle are expected to be about 3 percent larger than a year earlier.

Number of cattle slaughtered in commercial plants was up about 3 percent and number of calves slaughtered was down about 3 percent during the first 7 months of 1961 compared with the same period in 1960. But the increased weight of animals slaughtered thus far this year resulted in a 5 percent gain in beef. Cow slaughter under Federal inspection January to June was 5 percent smaller.

The extent and severity of the current drought in the west is an important factor shaping the outlook for cattle the rest of this year. Shortages of roughage in drought areas will tend to limit expansion or even reduce breeding herds, and may restrict carryover at the end of the year.

Dressed carcass weights of cattle (FI) in the first half of 1961 averaged 9 pounds above last year. Live weights at slaughter were also heavy, up 7 pounds from the same months last year.

Fed cattle prices this fall are expected to average slightly lower than a year earlier. They have shown more of a decline during the first half of 1961 than other classes, due mainly to the gain in beef output.

Barring an unexpected worsening in range feed conditions in the west due to the drought, a seasonal decline in feeder cattle prices is expected this fall. During the last 10 years the average price decline for Good, 500-800 pound, feeder steers at Kansas City during August to December has been about \$1.50 per 100 pounds.

Returns over costs during the 1960-61 feeding season in a typical Corn Belt feeding operation were down considerably in comparison with recent years. The average return per steer was less than one-third of the previous 5-year average.

Commercial hog slaughter in the first 7 months of 1961 was 6 percent less than in 1960. In January and February, it averaged 14 percent below 1960, but since then it has averaged closer to a year ago. Slaughter this summer on a weekly basis has been averaging about the same as last year. Slaughter supplies the rest of this summer and fall will come mainly from the 7 percent larger spring pig crop. Therefore, hog slaughter will probably edge ahead of 1960 rates in coming weeks and then continue above a year earlier this fall. Hog prices which have been at 1960 levels this summer, will decline seasonally and be below last fall's prices.

The 1961 lamb crop will probably total 21,532,000 head, 1 percent larger than the 1960 crop and 10 percent above the 1950-59 average. Commercial slaughter of sheep and lambs was 12 percent larger the first 7 months compared with last year. Slaughter for the year will probably be large enough to reduce numbers on hand next January below January 1, 1961, inventories.

The slaughter of an unusually large part of the January 1 ewe lamb inventories could result in a reduction in breeding ewes next year. If this happens, slaughter supplies would be lowered for several years.

REVIEW AND OUTLOOK

Cattle inventories will most likely set a new high next January. Hog production is expanding but an end to the uptrend in farrowings for this cycle seems likely next year. Sheep numbers will probably be smaller for 1962 because slaughter thus far is outrunning the natural rate of production (births plus net imports less deaths).

Table 1.--Summary data on livestock and meat production

Year	Cattle and calves on farms January 1	Number pigs saved during year	Sheep and lambs on farms January 1	Total meat production	Meat consumed per person
	1,000 head	1,000 head	1,000 head	Million pounds	Pounds
1956	95,900	89,426	31,157	28,035	166.7
1957	92,860	87,362	30,654	26,859	158.7
1958	91,176	93,533	31,217	25,658	151.6
1959	93,322	99,395	32,606	27,319	159.5
1960	96,236	88,492	33,170	28,231	161.5
1961 <u>1/</u>	97,139	92,956	32,932	28,700	160
1962 <u>2/</u>	97.5-98.5	93-94	32.2-32.5	29.8-30.0	161-162

1/ Partly forecast.2/ Forecast.Cattle Numbers Continue to Increase

Cattle and calves on farms January 1, 1961, reached a record 97.1 million head. This was 900,000 more than the number on hand in January 1960 and 6 million above January 1958, when the current expansion in numbers got underway. Increases in beef cattle more than offset declines in cattle kept for milk. Most of the gain in inventories since 1958 has been west of the Mississippi River.

Two of the conditions in the current cycle that make it different from previous cycles are (1) the increasing proportion of the cattle herd kept for beef, and (2) the increase in fattening of cattle on grain and other concentrate feeds. The number of cattle and calves on feed January 1 was 6 percent above a year earlier and the third consecutive annual increase. The number on feed in 26 States, for which quarterly estimates have been available since October 1, 1959, show a consistent uptrend in feeding.

In the current cattle cycle the emphasis on beef production has meant a substantial increase in per capita consumption of beef. During the last 3 years, cattle numbers have increased 6.5 percent, population has gained 5.1 percent. Beef production has increased 14 percent from heavier weights of slaughter animals and because fewer calves were sold, more remained on farms to be fed to heavier weights. As a result, per capita consumption of beef has gone up from 80.5 pounds in 1958 to an estimated 86 pounds in 1961.

Current rates of cattle and calf slaughter together with the small gain in the 1961 calf crop over 1960 and about the same number of imports, will mean a rather modest gain in inventories January 1, 1962. It will probably be about 1 million head. The cattle herd in 1960 was large enough to provide for

a record output of beef plus an increase in inventories. During the first 7 months of 1961 the number of cattle slaughtered in commercial plants was up 3 percent and the number of calves slaughtered was down 3 percent from a like period in 1960. In the remainder of 1961 the slaughter rate for cattle should continue above a year before. Calf slaughter will probably about equal last year's rate of slaughter.

Cow slaughter under Federal inspection in the first 6 months this year was 5 percent smaller than the first half of 1960. However, the seasonally high slaughter months for cows are still ahead and the year's total will depend to a considerable extent on pasture feed conditions later this year.

The extent and severity of the current drought in the west is an important factor shaping the outlook for cattle the rest of this year. It is already apparent that marketings of yearlings out of dry areas will be larger than usual this summer and fall. Shortages of roughage in drought areas will tend to limit or even reduce expansion in breeding herds, and may restrict carryover at the end of the year.

1961 Calf Crop Up 1 Percent

A calf crop of 39,658,000 head is expected this year, 1 percent above 1960 and the largest since 1957. The number of cows and heifers 2 years and older January 1, 1961, was 1 percent larger than a year before and the number of calves born per 100 cows was the same as a year earlier. The number of cows 2 years and older, kept for milk, was down 1 percent on January 1, 1961--the seventh consecutive annual decrease--while those for beef purposes were up 2 percent. Hence, the number of calves with beef breeding increased again this year.

Since 1954, beef cows have outnumbered dairy cows and a larger percentage of the calf crop is from beef breeding. The potential for beef production has greatly increased because a smaller proportion of beef calves are slaughtered as calves. In recent years, calf slaughter relative to the size of the calf crop has set new lows. The size of the 1962 calf crop will depend largely on the rate of cow and heifer slaughter the rest of this year.

Carcass Weights Heavier This Year

Dressed carcass weights of cattle slaughtered under Federal inspection in the first half of 1961 averaged 9 pounds above last year (table 3). Live weights at slaughter were also heavy, up 7 pounds from the same months a year ago. Much of the increase in carcass weights is accounted for by the higher percentage of fed steers and heifers in the slaughter. The percentage of fed cattle in total cattle slaughter is estimated to be 52 percent in January-June, up 1 percent from last year. Fed steers and heifers in the 2 top grades, Choice and Prime, at 12 major livestock markets the first half of 1961 were 7 percent above a year earlier. These animals dress out at high yield and heavy carcass. Fed steers at Chicago in January-June contributed to heavier average carcass weights for all beef animals slaughtered because they were 17 pounds heavier than last year and the heaviest on record.

Table 2.--Annual calf crop, 1953-61

Year	Cows and heifers 2 years and older on farms Jan. 1	Calves born	
		Ratio to number cows and heifers on farms Jan. 1 <u>1/</u>	Number
	<u>1,000 head</u>		<u>1,000 head</u>
1953	46,840	88	41,261
1954	48,946	87	42,601
1955	49,121	86	42,112
1956	48,283	86	41,376
1957	46,859	85	39,905
1958	45,430	86	38,860
1959	45,244	86	38,938
1960	45,871	86	39,280
1961	46,275	86	39,658

1/ Not strictly a calving rate.

Table 3.--Live and dressed weights of cattle
slaughtered, January-June, 1956-61

Year	Live weight per head		Dressed weight	Percentage fed cattle in total cattle slaughter <u>1/</u>
	All cattle slaughtered under Federal inspection	Steers sold out of first hands, Chicago all grades	per head of all cattle slaugh- tered under Federal inspection	
	<u>Pounds</u>	<u>Pounds</u>	<u>Pounds</u>	<u>Percent</u>
1956	1,005	1,145	566	41
1957	998	1,146	559	40
1958	1,012	1,126	567	43
1959	1,055	1,171	607	51
1960	1,043	1,162	600	51
1961	1,050	1,179	609	52

1/ Estimated on the basis of marketing data reported in quarterly cattle on feed reports.

In 1962, fed cattle will again make up a large part of all cattle slaughtered. Average carcass weights may again be heavy, although probably a little lighter than this year.

Two Percent More Cattle on Feed July 1

The number of cattle and calves on feed July 1 was 2 percent more than in July 1960. Cattle feeders reported intentions to market 57 percent of the July 1 inventory during July, August, and September. If intentions are carried out and short term feeding is as large as last year, third quarter marketings of fed cattle would be about 3 percent larger than a year earlier. This is in line with the expected rate of marketings based on inventory makeup.

Most of the increase in number of cattle on feed occurred in the North Central States, where a 3 percent gain over a year earlier was reported. All States in this region were higher or unchanged except Missouri and Nebraska, which were down 3 percent and 6 percent, respectively, compared with July 1, 1960. The Western States showed a decrease of 3 percent in the number of cattle and calves on feed from numbers on feed July 1, 1960. Colorado and Washington, both showing a 6 percent increase, were the only States in this region higher than a year earlier.

The number of cattle on feed in the weight groups expected to make up the bulk of marketings in the next 3 months is about the same as a year ago. Cattle in the 1,100 pounds and over group showed an increase of 15 percent over July 1 last year, but most of these have been marketed by this time and will not affect supplies of fed beef this fall. There were 6 percent fewer cattle in the 900 to 1,099 pound group and 8 percent more in the 700-899 pound group on July 1 this year than last. These are the weight groups that will supply the bulk of fed cattle coming to market this fall.

Fed Cattle Prices Down Feeder Prices To Decline Seasonally

Fed cattle prices have shown more of a decline during the first 7 months of this year than other classes. Choice slaughter steers at Chicago declined from \$27.42 per 100 pounds in January to \$22.38 in July. The decline at Denver was about \$3.50. The average price to producers for cows has held relatively steady, averaging about 50 cents less than in early 1960. Some of the decline in fed cattle prices was a reaction from relatively strong prices late in 1960 but most must be charged to the 5 percent gain in beef output. Feeder cattle and cow prices held up better, reflecting to a large degree the optimism of cattle feeders, somewhat lower supply, and the strong demand for processing beef.

Some recovery in fed cattle prices is expected in the fall but a rise such as occurred last fall does not seem likely. Fed cattle prices this fall are expected to average slightly lower than a year earlier.

Table 4.--Prices of feeder steers and calves at Kansas City,
per 100 pounds, by months, 1959-61

Month	Good feeder steers, 500-800 lb.			Good and Choice feeder steer calves		
	1959	1960	1961	1959	1960	1961
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
January	27.69	23.84	24.09	34.12	27.18	27.44
February	27.13	24.59	23.90	33.50	29.28	27.69
March	28.34	25.37	24.11	34.31	30.44	28.11
April	29.60	25.69	24.31	35.60	30.01	28.32
May	29.69	24.96	23.85	35.50	29.52	28.35
June	28.72	24.37	23.10	34.25	28.52	27.58
July	28.24	23.58	22.86	33.41	27.44	26.96
August	27.50	22.66	<u>1/23.81</u>	33.00	25.97	<u>1/27.27</u>
September	26.80	21.99		32.14	25.50	
October	25.59	21.82		30.62	26.04	
November	23.68	23.16		28.38	27.56	
December	23.46	23.99		26.96	27.05	
Year	27.20	23.84		32.65	27.88	

1/ 3-week average.

Data compiled from Market News, Livestock Division, AMS.

Drought conditions in the West had not had much effect on marketings of feeder cattle through the first two weeks in August. However, if dry weather persists, it could lead to larger marketings with the impact heaviest in the fall, when livestock numbers are being adjusted to available winter feed supplies. Hence, the outlook for grass cattle the rest of this year is probably less certain than for fed cattle. Barring an unexpected worsening in range feed conditions, the seasonal decline in feeder cattle prices this year should not be unusually large. During the last 10 years the average price decline for Good, 500-800 pound, feeder steers at Kansas City during August to December has been about \$1.50 per 100 pounds.

At times in July, feeder cattle prices were above a year earlier at some of the leading feeder markets. At others, where supplies and prices were probably affected by drought conditions, prices were a little below July 1960. It currently appears that feeder costs for cattle purchased this summer may average nearly as high as last summer, but prices this fall will be below last fall.

Returns over costs shown in a typical Corn Belt feeding operation during the 1960-61 feeding season were considerably down in comparison with recent years, and the average of such return per steer was \$11.83, which was less than one-third the previous 5-year average (table 5). Feed costs were slightly below a year ago with the price spread between feeders and fat steers the narrowest since the unprofitable 1952-53 season. Price movements worked to the advantage of the early feeder because fat cattle prices made a sharper decline this spring than feeder cattle did last summer. Current gross margins on sales of cattle, as measured by a 7-month feeding interval, have decreased since February 1961, and in June and July fat cattle prices were less than feeder prices 7 months earlier (table 6).

Cattle Feeding Prospects

Feeder cattle prices this fall will probably average a little lower than last year. The supply of young cattle off grass for feed lot replacements or for wheat pastures will be plentiful, but wheat pastures are not expected to lend as much support to the feeder cattle market this year as they did last year. Also, if dry weather persists in the West, it will lead to larger marketings with the impact heaviest in the fall when livestock numbers are being adjusted to available winter feed supplies.

On the other hand, feed grain production is down from last year. The total feed concentrate supply for 1961-62, based on August 1 indications will be around 246 million tons, only 5 percent less than the 1960-61 supply. Price supports for feed grains are higher for 1961 crops than for 1960. The seasonal weakness in feed grains this summer and fall will be less than normal.

Cattle feeding is expected to continue large and probably close to year ago levels this fall and winter. Fed cattle prices are expected to average slightly lower than a year earlier. The outlook for prices this winter depends mainly on the number of cattle fed out.

If fed cattle prices are not much different than last winter any improvement in returns over costs in a typical Corn Belt feeding operation (table 5) would have to result from lower average costs. Lower feeder cattle prices that were only partially offset by higher feed costs would then give higher net returns.

Drought Emergency Assistance

Three drought assistance programs are available to farmers and ranchers in dry areas. As of August, drought assistance had been extended to 190 counties in 10 States.

In 173 of these counties in 8 States grazing and haying restrictions were relaxed under the conservation reserve program. Farmers will be permitted to graze and cut hay off land retired under the Conservation Reserve program after receiving permission from the county Agricultural Stabilization and Conservation (ASC) Committee. Grazing and haying restrictions on acreage diverted under the 1961 feed grain programs have also been relaxed in 125 counties in North Dakota, South Dakota, Wisconsin and Minnesota.

Table 5 ---Average prices and costs in feeding steers in the Corn Belt, 1951 to date

Item	Feeding season beginning										
	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	
Price:											
Choice grade beef steers sold out of first hands, Chicago, April-July, per 100 pounds	33.69	22.70	24.24	23.26	21.17	23.72	28.32	29.01	26.72	23.33	
Feeder steers, Kansas City, August-December, per 100 pounds $\frac{1}{2}$	31.71	22.86	16.36	18.74	17.30	17.27	20.94	25.60	24.32	21.98	
Corn, received by farmers North Central States, September-July, per bushel	1.638	1.438	1.401	1.370	1.238	1.205	1.019	1.032	.995	.954	
Alfalfa hay, received by farmers North Central States, September-July, per ton	20.79	23.23	21.88	20.59	19.27	19.17	15.64	16.32	18.85	18.03	
Soybean meal, 44 percent protein, whole-sale, Chicago, September-July, per ton ...	88.66	82.85	88.29	72.84	64.69	57.97	63.49	61.75	59.37	63.17	
Sales value, per head:											
Choice steers, 1,050 pounds	353.74	238.35	254.52	244.23	222.28	249.06	297.36	304.60	280.56	244.96	
Cost, per head:											
Feeder steer, 700 pounds	211.97	160.02	114.52	131.18	121.10	120.89	146.58	179.20	170.24	153.86	
Transportation from market to feedlot	4.21	4.14	4.21	4.21	4.21	4.48	4.89	5.30	5.30	5.32	
Corn, 45 bushels	73.71	64.71	63.05	61.65	55.71	54.22	45.86	46.44	44.78	42.93	
Alfalfa hay, 0.75 ton	15.59	17.42	16.41	15.44	14.45	14.38	11.73	12.24	14.14	13.52	
Soybean meal, 150 pounds	6.65	6.21	6.62	5.46	4.85	4.35	4.76	4.63	4.45	4.74	
Transportation and marketing expense	10.12	10.29	10.46	10.43	10.82	11.32	11.76	12.53	12.58	12.76	
Total for items shown $\frac{2}{2}$	332.25	262.79	215.27	228.37	211.14	209.64	225.58	260.34	251.49	233.13	
Margin, value over costs shown $\frac{2}{2}$	21.49	-24.44	39.25	15.86	11.14	39.42	71.78	44.26	29.07	11.83	

1/ Average all weights and grades.

2/ Does not include overhead costs, cost of pasture or other feed ingredients and death loss, or credits for manure and for hogs following steers. The feed ration and prices shown are designed to be fairly representative of average feeding experiences in the Corn Belt, but do not necessarily coincide with the experience of individual feeders.

Table 6.--Price of Choice grade slaughter steers at Chicago and of all stocker and feeder steers at Kansas City, and 7 months lagged margin, by months, January 1959 to date

Year and month	Price per 100 pounds		Margin between slaughter steers and stockers and feeders 7 months previous <u>2/</u>
	Choice grade slaughter steers, Chicago	Stocker and feeder steers, Kansas City <u>1/</u>	
	Dollars	Dollars	Dollars
1959			
January	28.13	26.10	2.75
February	27.85	25.97	2.42
March	29.11	27.78	4.65
April	30.33	28.63	4.86
May	29.34	28.69	3.54
June	28.48	27.24	2.02
July	27.89	26.47	2.08
August	27.56	25.96	1.46
September	27.62	25.38	1.65
October	27.19	24.41	-.59
November	26.53	23.34	-2.10
December	25.57	22.51	-3.12
1960			
January	26.42	23.31	-.82
February	26.69	23.80	.22
March	28.08	25.14	2.12
April	27.76	25.46	2.38
May	27.43	25.38	3.02
June	26.04	23.50	2.70
July	25.64	21.81	3.13
August	25.07	21.23	1.76
September	24.80	20.91	1.00
October	24.94	21.59	-.20
November	26.08	22.54	.62
December	26.86	23.61	1.48
1961			
January	27.42	24.29	3.92
February	26.17	23.70	4.36
March	25.70	24.50	4.47
April	25.05	24.38	4.14
May	23.43	23.06	1.84
June	22.45	21.81	-.09
July	22.38	21.70	-1.23
August <u>3/</u>	23.85	22.63	-.44

1/ Average for all weights and grades. 2/ Margin between prices of Choice grade slaughter steers at Chicago for current month shown and of stocker and feeder steers at Kansas City 7 months previously. 3/ 3-week average.

Market price data compiled from Market News, Livestock Division, AMS.

The emergency livestock feed program under which farmers and ranchers can buy Government-owned feed grain at current support prices has also been made available in 123 counties in 9 States. The law specifies that sales may be made to persons who do not have adequate feed and are unable to obtain enough through normal trade channels without undue hardship.

The Secretary of Agriculture has also designated North Dakota, 10 counties in South Dakota, 2 in Idaho, and 1 in Montana as disaster areas eligible for emergency conservation assistance. Funds will be available in these areas primarily to share with ranchers and farmers the cost of emergency conservation measures needed to prevent wind erosion and to conserve and supplement water for livestock.

USDA to Purchase Frozen Ground Beef

On August 15, 1961 the U. S. Department of Agriculture announced plans to purchase frozen ground beef for schools participating in the National School Lunch Program. Purchases will be made using funds appropriated for the National School Lunch Act, and amounts bought will depend on the quantity and prices offered.

Hog Prices Near Year-Ago Level

Commercial hog slaughter in the first 7 months of 1961 was 6 percent less than in 1960. In January and February, it averaged 14 percent below 1960, but since then it has averaged closer to a year ago with May slaughter actually above May 1960. Prices received by farmers increased \$4.50 during the first 7 months of 1960, but have remained relatively stable for the same period this year. Hence, hog prices early this year were well above the same time in 1960 but by mid-July the price to producers was \$16.50 or 10 cents below July 1960.

Slaughter this summer on a weekly basis, has been averaging about the same as last year. Hog prices stand a good chance of averaging nearly as high this summer as last.

Slaughter this fall and winter will come from the 7 percent larger spring pig crop than a year earlier. Much of the increase in spring farrowings came in the last 2 months, April and May. Therefore, hog slaughter will probably edge ahead of 1960 rates in coming weeks and then continue above a year earlier this fall. Hog prices, which have been at about 1960 levels this summer, will decline seasonally and be below last fall's prices. An upturn in prices at the end of 1961, such as occurred in some recent years, does not seem probable this fall.

Farmers reported intentions, as of June 1, to increase the number of sows farrowing fall litters by 2 percent. If litters are of average size with an allowance for upward trend, this fall's pig crop would be up 3 percent. A crop this size would hold slaughter above year-earlier levels at least through the first half of 1962. Prices would probably continue slightly below a year earlier.

Later this summer and in the fall when farmers are making plans for next spring's pig crop, hog prices will probably be lower than a year ago and feeding ratios are expected to be less favorable than they have been in the past few months. Any increase in farrowings will likely be in early pigs and the current uptrend in farrowings may be halted or nearly so next year. Prospects for hogs in 1962 will be reviewed more fully in the September issue of this Situation.

Hog Cholera Eradicated in Canada

Canadian veterinarians believe that hog cholera has been eradicated in Quebec, according to reports of the Foreign Agricultural Service. Quebec was the last center of an outbreak that appeared in Canada last fall.

Restrictions on the movement of swine were removed in Quebec on June 9. Inspection officials are keeping a close watch for new outbreaks, particularly among garbage fed hogs. No infections have been detected in Canada since June 6. Up to that time, 420 outbreaks occurred, with 405 in Quebec. As a result, 56,969 exposed and infected hogs were slaughtered and destroyed, and the Government paid \$1,507,000 in compensation.

Lamb Crop Up:Flocks Decreasing

The 1961 lamb crop will probably total 21,532,000 head, 1 percent larger than 1960 and 10 percent above the 1950-59 average. The number of breeding ewes 1 year old or older on hand January 1 was up 1 percent from a year earlier, and the lamb crop percentage, 95 percent, was the same as 1960. The crop in 13 Western sheep States was up 2 percent, but in the Native States it was down 2 percent from a year ago.

Since World War II, the Nation's sheep flock has fluctuated around 30 to 33 million head on January 1. The number of sheep and lambs on hand declined during 1960 despite a larger lamb crop. Commercial slaughter in 1960 was above year-earlier levels from May through November and large enough to cause a reduction in inventory January 1, 1961. Slaughter has continued to outrun that of a year earlier, and for the first 7 months of 1961 total commercial slaughter of sheep and lambs was 12 percent larger than the same months in 1960.

Lamb slaughter supplies the rest of this year will come largely from the major producing areas of the North and West. The 1961 lamb crop in these sections was about the same size as in 1960. The margin of sheep and lamb slaughter over 1960 will likely be small unless continued dry weather leads to larger ~~marketings~~ the rest of this year. Slaughter for the year will probably be large enough to reduce numbers on hand next January below January 1, 1961, inventories.

The high rate of slaughter during the past 12 months could brighten the outlook for 1962 prices. The slaughter of an unusually large part of the January 1 ewe lamb inventories could result in a reduction in breeding ewes next year. If this happens slaughter supplies would be lowered for several years.

Lamb Prices

Lamb prices dropped sharply during the summer of 1960 and have remained at a relatively low level since. The average price received by farmers for lambs in mid-July this year was \$16.00 per 100 pounds, \$.80 below the February high and \$2.30 below July 1960. Slaughter lamb prices have declined during the summer and early fall every year since World War II except in 1950 (Korea). The seasonal price decline this year is expected to be smaller than usual and less than the \$2.30 decline in July-November 1960.

Table 7.--Balance sheet for sheep and lambs,
United States, 1956 to date

Year	Number on farms Jan. 1	Born during year	Net Imports	Slaughter	Deaths	Adjust- ment factor	Number on farms Dec. 31
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1956	31,157	20,336	-57	16,328	4,322	-132	30,654
1957	30,654	19,810	-18	15,292	4,353	+416	31,217
1958	31,217	20,686	22	14,495	4,350	-474	32,606
1959	32,606	21,120	54	15,528	4,539	-543	33,170
1960	33,170	21,323	13	16,239	4,618	-717	32,932
1961	32,932	21,532	1/-25	1/17,100	2/4,700	---	32.2-32.5

1/ Partly estimated. 2/ Forecast.

Shorn Wool Production Down 1 Percent

Shorn wool production in 1961 is expected to be 263,591,000 pounds, grease basis, 1 percent below 1960 production, but 11 percent higher than the 1950-59 average. The drop in production is due to a 1 percent decrease in the number of sheep shorn since average fleece weights are about the same. The average weight per fleece was 8.52 pounds compared with 8.55 pounds last year and 8.40 pounds for 1950-59. Shorn wool production in the 13 Western sheep States was unchanged from 1960 because a 1 percent increase in the number of sheep shorn was offset by a drop in average weight of fleece from 9.01 to 8.95 pounds. The wool clip in the Native States is down 5 percent from last year. This is a result of 4 percent fewer sheep shorn and a decline in weight per fleece to 7.52 pounds from 7.57 pounds in 1960.

RETAIL MEAT OUTLOOK

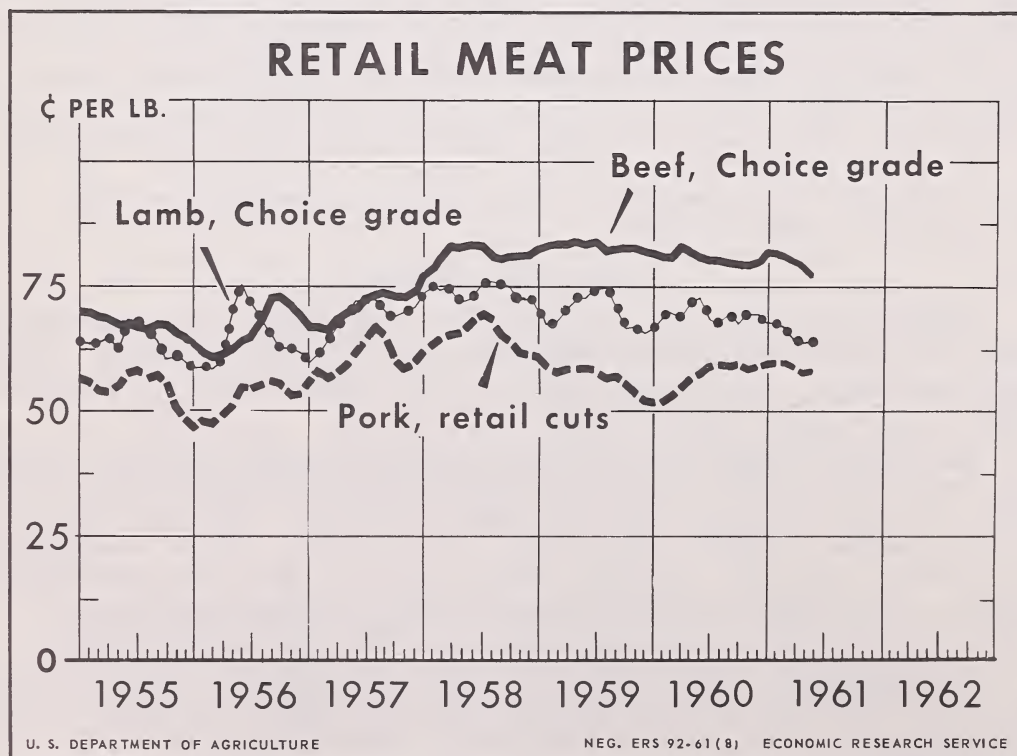
Retail meat prices are currently below a year ago. Some seasonal increases are likely, but downtrending prices will probably accompany increasing supplies this fall. For the last half of 1961, retail prices will probably average a little below a year earlier.

The average urban retail meat prices (BLS series) were above year-earlier levels from October 1960 to April 1961 and in May were the same as May, 1960. In June the prices dropped below last June although for the first 6 months this year they averaged somewhat higher than a year earlier. Higher average pork prices resulted from the 5 percent smaller output of pork the first 6 months of this year. Prices paid by farmers for meat have declined somewhat in recent months, and in mid-July were about 2 percent lower than a year earlier.

The Department's index of prices received by farmers for meat animals in July was 288 (1910-14=100) or 4 percent below July 1960. All major classes of meat animals were priced below a year earlier except calves which were the same as a year ago.

Table 8.--Average retail price of meat per pound,
United States, by months, 1959 to date

Pork, retail cuts													
Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
1959	61.1	58.7	57.5	58.0	58.2	58.5	58.1	56.5	57.2	55.5	53.8	52.2	57.1
1960	51.9	51.9	53.0	54.8	56.1	57.6	59.0	59.7	58.7	59.0	58.5	59.0	56.6
1961	59.5	59.7	59.5	59.1	57.9	57.9							
Beef, Choice grade													
1959	82.6	83.3	83.2	83.3	83.7	83.3	83.6	82.0	82.1	82.2	82.3	81.9	82.8
1960	81.5	81.0	81.2	82.6	81.6	81.0	80.4	80.4	79.6	79.4	79.3	80.2	80.7
1961	82.1	81.8	81.3	80.6	79.4	77.3							
Lamb, Choice grade													
1959	70.4	68.3	68.3	71.5	73.3	73.3	74.1	75.0	71.7	67.4	67.1	66.6	70.6
1960	66.9	69.2	70.4	69.2	71.9	73.3	68.9	68.0	70.1	68.8	69.9	69.9	69.7
1961	68.0	67.9	67.3	64.8	64.0	65.0							



Some small increases in retail prices are likely before they decline seasonally this fall. They may average about the same as last summer. Ample supplies of the top grades of beef seem assured and prices of higher priced cuts will probably remain below 1960. No large change in prices is expected in other beef items unless worsening drought conditions should stimulate marketings of cows and other grass cattle.

Retail pork prices will trend seasonally downward later this summer and fall, in contrast to a relatively stable price last year. Pork supplies will be a little larger than last summer and will continue above a year ago this fall. Cold storage holdings of pork on August 1 were below those of a year earlier by 36 percent.

Retail lamb prices have been significantly below a year earlier because of the large increase in lamb and mutton supplies during the first half of this year. Supplies for slaughter in the last half of 1961 will likely total about the same as 1960, and the seasonal price decline in retail lamb prices this summer and fall will be less than usual.

A little more meat will be available for civilian consumption the rest of this year compared with a year ago. Beef and pork will be more plentiful than in the second half of 1960. Veal and lamb supplies per person will probably be little, if any larger. Prospects are for per capita meat consumption in 1961 to average about a pound less than in 1960.

OUTLOOK FOR SAUSAGE MEATS

Sausage production is probably near a seasonal high and will likely be close to a year-earlier levels for the next few months. The outlook for slaughter supplies indicates pork sausage materials will be about the same as last summer, but more plentiful this fall. Processing beef will probably continue in rather limited supply. Storage stocks of meat have been lower than the same months a year earlier since October 1960 and will furnish only a small amount of meat for processing. Imports of meats through March were a little above last year, and in April to June they averaged about 20 percent above year-earlier rates. However, imports of pork have remained below a year before.

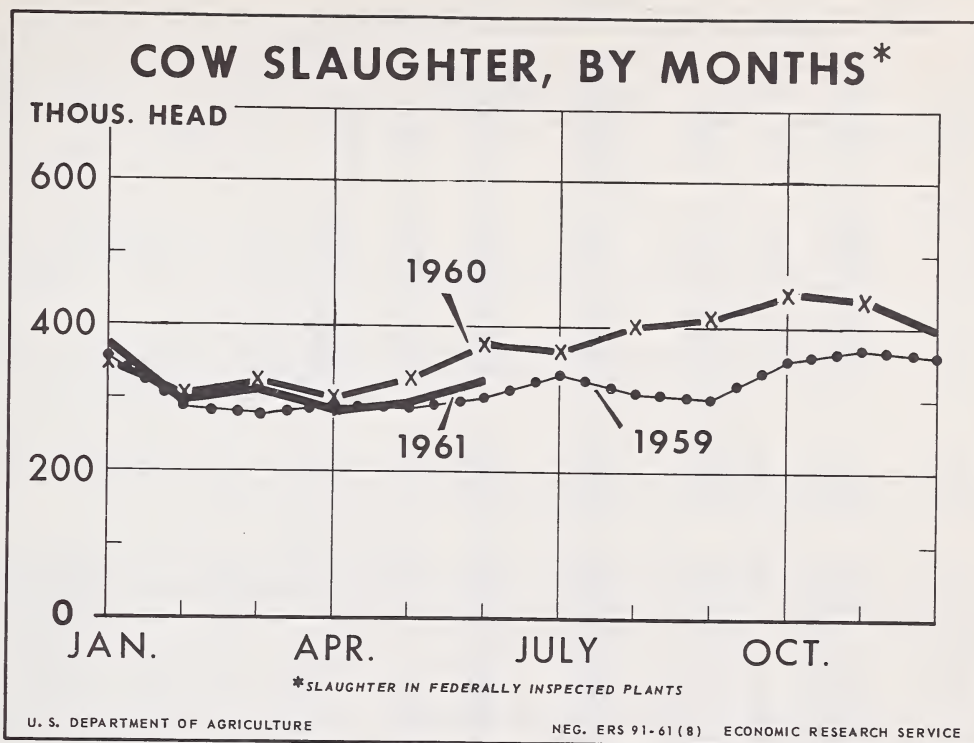
The weekly rate of sausage production in May, June, and July ran about 3 percent larger than a year before. In these months the weekly rate of output, including canned sausage items, averaged 49 million pounds. The bulk of the increase was in canned items.

Domestic production of processing meats is currently low and will probably not change greatly for the next several weeks. Cow slaughter (FI) in the first half of this year was 5 percent under January-June 1960. Some seasonal gain in cow slaughter is expected during the remaining months of this year along with an increase in the lower grades of beef. Hog slaughter has probably passed its summer low point and will make an increase this fall as pigs from the 7 percent larger spring pig crop reach slaughter weights.

Table 9.--Cattle and hog slaughter, meat imports and stocks, and sausage production, by quarters 1960 to date

Period	Federally inspected slaughter					
	Cattle				Hogs	
	Total		Cows			
	1961	1960	1961	1960	1961	1960
	head	head	head	head	head	head
Jan.-Mar.	4,695	4,578	980	978	16,932	18,474
Apr.-June	5,041	4,709	906	1,005	15,738	16,140
July-Sept.	<u>1/5,200</u>	5,161	<u>1/1,100</u>	1,172	<u>1/15,400</u>	14,672
Oct.-Dec.		4,946		1,286		16,867
Year		19,394		4,441		66,153
	Imports all meat <u>3/</u>		Meat stocks in cold storage beginning of quarter <u>4/</u>		Sausage production <u>5/</u>	
	1961	1960	1961	1960	1961	1960
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Jan.-Mar.	173	168	423	544	569	<u>6/619</u>
Apr.-June	230	190	477	594	635	621
July-Sept.	<u>2/250</u>	232	496	591	<u>1/610</u>	603
Oct.-Dec.		144		403		582
Year		734				2,425

1/ Partly estimated.2/ Forecast.3/ Total red meat imports, product weight.4/ Includes beef, veal, pork, lamb, mutton, and canned meats in public cold storage.5/ Federally inspected production of all sausage, including loaf, head cheese, jellied products and the following canned items: Luncheon meat, viennas, franks and weiners in brine, deviled ham, other potted or deviled meat food products, bulk sausage and sausage in oil.6/ 14 weeks, included in total.



The next issue of the Livestock and Meat Situation
is scheduled for release on October 4, 1961



Growth Through Agricultural Progress

Supply and distribution of meat, by months, January 1961 to date

Meat and period	Commercially produced								Total 2/		
	Supply				Distribution				Civilian consumption		
	Production	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption		Production	Total	Per person
							Total	Per person 1/			
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.	Mil. lb.	Mil. lb.	Lb.
Beef:											
January	1,234	170	53	5	157	28	1,267	7.1	---	---	---
February	1,085	157	49	5	144	26	1,116	6.2	---	---	---
March	1,240	144	64	4	142	31	1,271	7.1	---	---	---
1st quarter	3,559	170	166	14	142	85	3,654	20.4	---	---	3/21
April	1,137	142	84	5	154	28	1,176	6.5	---	---	---
May	1,321	154	65	5	153	32	1,350	7.5	---	---	---
June	1,330	153	105	5	155	27	1,401	7.7	---	---	---
2nd quarter	3,788	142	254	15	155	87	3,927	21.8	---	---	3/22
Veal:											
January	81	14	1	4/	13	4	79	.4	---	---	---
February	73	13	1	1	13	2	71	.4	---	---	---
March	83	13	2	4/	12	2	84	.5	---	---	---
1st quarter	237	14	4	1	12	8	234	1.3	---	---	3/1.4
April	72	12	1	4/	12	3	70	.4	---	---	---
May	79	12	2	4/	11	4	78	.4	---	---	---
June	79	11	1	1	11	3	76	.4	---	---	---
2nd quarter	230	12	4	1	11	10	224	1.2	---	---	3/1.4
Lamb and mutton: 5/											
January	72	12	9	4/	12	1	80	.4	---	---	---
February	63	12	3	4/	12	4/	66	.4	---	---	---
March	75	12	11	4/	18	4/	80	.4	---	---	---
1st quarter	210	12	23	4/	18	1	226	1.3	---	---	3/1.3
April	71	18	17	4/	22	4/	84	.5	---	---	---
May	75	22	10	1	24	4/	82	.5	---	---	---
June	66	24	13	4/	26	1	76	.4	---	---	---
2nd quarter	212	18	40	1	26	1	242	1.3	---	---	3/1.4
Pork:											
January	946	170	15	13	201	15	902	5.0	---	---	---
February	822	201	14	12	236	16	773	4.3	---	---	---
March	979	236	19	11	244	15	964	5.4	---	---	---
1st quarter	2,747	170	48	36	244	46	2,639	14.7	---	---	3/16
April	822	244	13	10	270	15	784	4.3	---	---	---
May	921	270	13	10	269	16	909	5.0	---	---	---
June	853	269	16	12	240	14	872	4.8	---	---	---
2nd quarter	2,596	244	42	32	240	45	2,565	14.2	---	---	3/15
All meat:											
January	2,333	366	78	18	383	48	2,328	13.0	---	---	---
February	2,043	383	67	18	405	44	2,026	11.3	---	---	---
March	2,377	405	96	15	416	48	2,329	13.4	---	---	---
1st quarter	6,753	366	241	51	416	140	6,753	37.7	---	---	3/39.5
April	2,102	416	115	15	458	46	2,114	11.8	---	---	---
May	2,396	458	90	16	457	52	2,419	13.4	---	---	---
June	2,328	457	135	18	432	45	2,425	13.4	---	---	---
2nd quarter	6,826	416	340	49	432	143	6,958	38.6	---	---	3/40

1/ Derived from estimates by months of population eating out of civilian food supplies, unadjusted for underenumeration.

2/ Includes production and consumption from farm slaughter.

3/ Estimated.

4/ Less than 500,000 pounds.

5/ Imports revised due to change in conversion factor for mutton.

Selected price statistics for meat animals and meat

Item	Unit	1960		1961		
		June	July	May	June	July
Cattle and calves						
Beef steers, slaughter	Dollars per					
Chicago, Prime	100 pounds	28.80	27.38	25.16	23.44	23.08
Choice	do.	26.04	25.64	23.43	22.45	22.38
Good	do.	24.15	24.10	22.07	21.65	21.74
Standard	do.	21.02	21.26	20.10	20.24	20.35
Commercial	do.	20.77	---	---	---	17.50
Utility	do.	19.43	19.56	18.89	19.03	18.92
All grades	do.	25.58	25.30	23.09	22.30	22.23
Omaha, all grades	do.	23.94	23.62	21.83	21.24	21.39
Sioux City, all grades	do.	24.09	23.64	21.98	21.32	21.40
Cows, Chicago						
Commercial	do.	17.28	16.16	16.71	16.36	14.87
Utility	do.	16.76	15.78	16.53	16.52	15.02
Cutter	do.	16.50	15.59	16.19	16.41	14.68
Canner	do.	14.88	13.76	14.60	15.19	13.27
Vealers, Choice, Chicago	do.	28.92	27.15	29.54	---	---
Stocker and feeder steers, Kansas City 1/	do.	23.50	21.81	23.06	21.81	21.70
Price received by farmers						
Beef cattle	do.	20.80	20.30	19.00	19.40	19.10
Cows	do.	15.20	14.70	15.00	15.00	14.20
Steers and heifers	do.	23.10	22.70	21.60	21.10	21.00
Calves	do.	23.60	22.90	23.60	23.10	22.90
Hogs						
Barrows and gilts, U. S. No. 1, 2 & 3, Chicago						
180-200 pounds	do.	17.44	17.99	17.25	17.35	17.97
200-220 pounds	do.	17.56	18.25	17.28	17.52	18.31
220-240 pounds	do.	17.38	18.13	16.91	17.25	18.20
240-270 pounds	do.	16.89	17.67	16.40	16.73	17.78
All weights	do.	16.89	17.62	16.57	16.74	17.85
Barrows and gilts, 8 markets 2/	do.	16.88	17.74	16.37	16.60	17.87
Sows, Chicago	do.	13.82	14.38	14.08	13.58	14.19
Price received by farmers	do.	16.00	16.60	16.00	15.70	16.50
Hog-corn price ratio 3/						
Chicago, barrows and gilts		14.1	14.8	14.7	15.0	15.7
Price received by farmers, all hogs		14.8	15.2	15.7	15.2	15.7
Sheep and lambs						
Sheep	Dollars per					
Slaughter ewes, Good and Choice, Chicago	100 pounds					
Price received by farmers	do.	5.92	5.00	5.09	4.57	4.51
Lamb		5.84	5.62	5.44	4.88	4.89
Slaughter, Choice, Chicago	do.	22.81	20.90	4/15.31	19.58	18.31
Feeder, Good and Choice, Omaha	do.	19.61	17.95	14.04	14.95	14.44
Price received by farmers	do.	19.70	18.30	15.60	15.90	16.00
All meat animals						
Index number price received by farmers (1910-14=100)		303	300	292	286	288
Meat						
Wholesale, Chicago	Dollars per					
Steer beef carcass, Choice, 500-600 pounds	100 pounds	44.05	43.58	39.44	38.00	37.81
Lamb carcass, Choice, 45-55 pounds	do.	47.08	45.42	36.32	40.08	40.79
Composite hog products:						
Including lard						
71.90 pounds fresh	Dollars	18.88	19.75	18.67	18.40	19.42
Average per 100 pounds	do.	26.26	27.47	25.97	25.59	27.01
71.01 pounds fresh and cured	do.	22.30	22.95	22.00	22.02	22.63
Average per 100 pounds	do.	31.40	32.32	30.98	31.01	31.87
Excluding lard						
55.99 pounds fresh and cured	do.	20.32	20.81	19.72	19.89	20.50
Average per 100 pounds	do.	36.29	37.17	35.22	35.52	36.61
Retail, United States average	Cents					
Beef, Choice grade	per pound	81.0	80.4	79.4	77.3	
Pork, retail cuts	do.	57.6	59.0	57.9	57.9	
Lamb, Choice grade	do.	73.3	68.9	64.0	65.0	
Index number meat prices (BLS)						
Wholesale (1947-49=100)		97.3	98.8	91.1	90.3	
Retail (1947-49=100) 5/		115.8	116.0	115.0	114.0	

1/ Average all weights and grades.

2/ Chicago, St. Louis N. S. Y., Kansas City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis.

3/ Number bushels of corn equivalent in value to 100 pounds of live hogs.

4/ Shorn lambs.

5/ Includes beef and veal, pork, leg of lamb and other meats.

Selected marketing, slaughter and stocks statistics for meat animals and meat

Item	Unit	1960		1961		
		June	July	May	June	July
Meat animal marketings						
Index number (1947-49=100)		122	110	135	127	
Stocker and feeder shipments to						
8 Corn Belt States	1,000					
Cattle and calves	head	301	249	339	274	
Sheep and lambs	do.	205	190	212	142	
Slaughter under Federal inspection						
Number slaughtered						
Cattle	do.	1,692	1,592	1,754	1,785	
Steers	do.	941	879	1,042	1,057	
Heifers	do.	345	322	389	380	
Cows	do.	376	364	296	325	
Bulls and stags	do.	30	27	26	23	
Calves	do.	397	374	381	364	
Sheep and lambs	do.	1,137	1,113	1,358	1,252	
Hogs	do.	5,086	4,304	5,597	5,093	
Percentage sows	Percent	12	13	9	13	
Average live weight per head						
Cattle	Pounds	1,021	1,012	1,046	1,042	
Calves	do.	237	236	228	234	
Sheep and lambs	do.	95	96	98	94	
Hogs	do.	246	246	246	252	
Average production						
Beef, per head	do.	588	583	613	609	
Veal, per head	do.	131	136	128	132	
Lamb and mutton, per head	do.	46	45	48	46	
Pork, per head	do.	141	141	142	143	
Pork, per 100 pounds live weight	do.	57	58	58	57	
Lard, per head	do.	35	34	35	36	
Lard, per 100 pounds live weight	do.	14	14	14	14	
Total production	Million					
Beef	pounds	993	926	1,072	1,085	
Veal	do.	52	51	48	48	
Lamb and mutton	do.	52	50	65	57	
Pork	do.	716	607	793	729	
Lard	do.	176	146	193	184	
Commercial slaughter 1/						
Number slaughtered	1,000					
Cattle	head	2,202	2,070	2,240	2,262	
Calves	do.	626	606	589	565	
Sheep and lambs	do.	1,312	1,272	1,547	1,440	
Hogs	do.	6,105	5,179	6,566	6,006	
Total production	Million					
Beef	pounds	1,247	1,166	1,321	1,330	
Veal	do.	85	85	79	79	
Lamb and mutton	do.	60	57	75	66	
Pork	do.	852	724	921	853	
Lard	do.	199	166	218	205	
Cold storage stocks first of month 2/						
Beef	do.	148	145	154	153	155
Veal	do.	8	8	12	11	11
Lamb and mutton	do.	10	12	22	24	26
Pork	do.	386	351	270	269	240
Total meat and meat products 3/	do.	634	591	529	523	496

1/ Federally inspected, and other wholesale and retail.

2/ August 1 cold storage stocks are as follows: Beef 162, veal 9, lamb and mutton 25, pork 187, and total meat and meat products 442.

3/ Includes stocks of canned meats in cooler in addition to the four meats listed.

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